

Customer Advisory Panel response to Aurora Energy CPP consultation document

1. Aurora Energy is the natural monopoly lines business serving Dunedin and most of the Central Otago and Queenstown Lakes districts. The network has deteriorated to the point that substantial reinvestment will be necessary to ensure its continued safety and reliability. Aurora is preparing a Customised Price Path (CPP) application to the Commerce Commission to allow it to recover the increased level of costs it will incur in restoring the network in the 3 years 2022-2024.
2. This report covers
 - Our job
 - Our response to Aurora's proposal
 - Customer perspectives on the proposal
 - Impact of new technology and decarbonisation and
 - Our feedback on the process to date.

Panel members and their employers are listed at the end of the report.

1. Key messages

3. We understand Aurora's proposal and accept its clear focus on minimising price increases while remediating the underinvestment of the past to make it safe.
4. Despite this we have strong concerns about the impact that such large and sudden increases in network prices will have on customers across the region – not just the most vulnerable in our community but businesses and those who manage on tight budgets.
5. Because of this we have suggested accelerating the implementation of a fund to help households in energy hardship become more energy efficient as recommended by the government's Electricity Price Review. We have also suggested that the fines that Aurora will pay for breaching its regulated quality threshold and the Dunedin City Council Consumer Electricity Fund could contribute to it in the short term.
6. In accepting Aurora's proposal, we are acknowledging the difficult tradeoff that current management have made between safety and reliability. The network should never have been allowed to degrade to the state that it is now in. This points to shortcomings in company governance and the regulation it is subject to. We believe that these regulations should be reviewed in the light of experience at Aurora to ensure that this situation does not recur elsewhere.
7. Aurora's proposal explicitly defers expenditure to integrate small-scale renewable generation and demand response, to minimise price shocks in the short term. While

we accept this tradeoff we believe that giving customers more local options about how they meet their energy needs will see electricity distributors like Aurora play an important enabling role as New Zealand decarbonises. We expect this work to have a high priority in the subsequent CPP period.

8. The industry is highly fragmented and it does not engage with customers simply enough to maintain their confidence and trust. Aurora will need to develop a communications plan for all stakeholders in which it integrates messages from other companies in the electricity industry if it is to achieve the level of community support on which a successful CPP will depend.

2. Our job

9. As part of its CPP application, Aurora is required to consult with and take account of its customers' views. It has convened a Customer Advisory Panel to:
 - advise and represent to Aurora Energy the perspectives and preferences, including the service measures, that are important to consumers
 - understand Aurora Energy's business in order to provide meaningful input into Aurora Energy's proposal for a customised price-quality path application, including its future investment plans and pricing options
 - advise Aurora Energy on consumer perspectives, and perceptions, of the possible impact of new technologies on electricity users
 - provide feedback on communication and engagement strategies to enhance Aurora Energy's communication with its community, consumer groups and electricity consumers and
 - provide input into Aurora Energy's customer service process improvement ideas, to ensure Aurora Energy is able to capture systemic customer issues and improve the customer experience it provides.
10. This report is the Panel's response to Aurora's initial consultation document, released in November 2019, which we refer to as the "proposal".
11. Aurora will use our feedback and that of other customers and stakeholders in refining a final proposal which it will submit to the Commerce Commission in June 2020.

3. Our response to Aurora's proposal

12. Aurora's proposal document and the briefing we have had on it are high level. We accept Aurora's emphasis on ensuring network safety in the short term and their deliberate decision to defer work that is solely required to improve reliability and build wider capabilities until later periods, in order to minimise the level of price increases in the short term.

Needs case

13. Aurora have explained to us that the safety of their network has been robustly reviewed by the consultancy WSP and that the work they are proposing for the CPP period is almost exclusively what it is necessary to do to make the network safe by the end of the CPP period, allowing for growth and future asset degradation. Aurora have deliberately deferred discretionary work and initiatives that improve reliability alone, to minimise the scale of the investment, and the price rises that would result from it, over these years.
14. Aurora have explained that there will be some reliability improvements as a result of the proposed plan – even if projects are undertaken to manage the risk of poles falling over and people being harmed, the result of the projects will be that the power stays on for more of the time.
15. We accept Aurora’s proposal to base the needs case for this CPP on safety but are not experts in how “safety” in this context is determined. Aurora have explained that they have applied a well-established risk-based engineering model for managing safety based on an assessment of the condition of all assets in the network, the risk of those assets failing if nothing was done to them and the consequences of any failures.
16. This is a complex and technical matter that we are not qualified to challenge but must involve some judgement. It is essential that Aurora’s assessment is subjected to robust challenge and peer review by the independent engineering verifier appointed by the Commerce Commission. They should ensure that a conservative definition of “safety” is not being used to justify a scope of work that is larger than what Aurora’s customers would consider necessary to make the network safe by the end of the CPP period.

Future investment plans

17. When we were initially briefed by Aurora on their proposed process for developing the CPP, we were led to expect that we would be presented with a range of options for investments over the period – each one demonstrating a trade-off between price impact and the improvements in service (or “quality”) that would result from each.
18. Aurora’s proposal does include 2 alternative investment plans – the “accelerated” and “enhanced” options but has rejected both of them because they result in higher prices and do not contain projects necessary to make the network safe.
19. We accept Aurora’s proposal to limit the scope of work in the CPP to the minimum work required to make the network safe, with the caveat that this must be peer-reviewed against a commonsense view of what “safety” means.

20. The proposal also contains five discrete projects that could be undertaken as part of any of the investment plans. Again, Aurora have suggested that three of them are deferred to minimise the price increases that would result from the proposal as they are discretionary. They have asked for feedback on two initiatives:

Option A: Improved reliability for worst served customers

21. We have learned that the economics and reliability of networks is heavily driven by customer density: towns and cities have lower costs per customer and fewer outages. This is because the cost of assets required to serve a large number of customers is driven more by the size and nature of the terrain they cover rather than the amount of electricity that they carry so there are more customers for each dollar invested in an asset in a town than in the country. Equally, these scale economies mean that distribution businesses can design their urban networks with redundancy for little extra cost and so offer better supply reliability there.
22. Because of this, Aurora have segmented their network into 3 densities: “urban”, “rural” and “remote rural”, with progressively lower target reliability levels. The majority of the worst served customers are classified as remote rural: the costs of improving service to them will be high relative to more dense parts of the network. Given the guiding principle of minimising the scope of Aurora’s CPP proposal to safety-related initiatives, our view is that Option A should be deferred to later periods and considered alongside other initiatives to improve reliability. We note that distributed generation and storage offer non-network options for which customers can improve their supply reliability but avoid the need to upgrade assets which are paid for by all connected customers, some of whom would rather pay less for a lower level of service.
23. We do have concerns with the categorisation of recently completed and proposed new subdivisions and developments on the urban fringe in Dunedin, Queenstown and Wanaka. These are currently segmented as “rural” when the reliability expectations of future customers in those new developments will be “urban”. When we were shown the map of worst-served customers, several seem to be in these zones.
24. New developments change the use of electricity in an area and the supply reliability that customers expect there, both residential and commercial. Rather than pursuing Option A as it is currently described, we would support a CPP option to reinforce those network areas where supply will not meet “urban” reliability standards after redevelopment. Aurora should communicate a clear policy for how it rezones areas and the length of time customers will have to wait for reliability to improve when it does.

Option B: Customer service improvements

25. The other option which Aurora has asked us to assess is related to improved customer service. This is a package of five initiatives: improving new connections

process, providing better information during outages, adding account management for large customers, providing telephone support 24/7 and continuing the Customer Advisory Panel's challenge to Aurora's decision making after the CPP application is complete.

26. We support the first two initiatives in Option B. The time it takes to connect new supply is a persistent problem for customers of all sizes and Aurora's customer research confirms that timely and accurate outage information is as important as how long it takes to restore supply.
27. The benefits of the other three initiatives is less clear to us. The cost of Option B is less than 0.5% of the total proposal so trimming back options will not make a noticeable difference to the prices customers pay but for us to support it, Aurora needs to provide more detail so we can be confident that these initiatives would result in outcomes that customers are actually prepared to pay more for.

4. Customer perspectives on the proposal

28. Overall, we accept Aurora's clear emphasis on minimising the scope of any discretionary work beyond that related to safety. Despite this, we have real concerns about the impact of the estimated increase in lines charges on customers of all types and sizes.

Transparency of pricing

29. We have learned a great deal about network regulation and pricing through the panel process. It is technical, complex and difficult for non-specialists to understand as it relates to the calculation of efficient costs under rules set by one regulator and splitting those costs between customers under different rules set by another regulator. If Aurora is to maintain the goodwill of its customers through the CPP, it must be able to explain how the prices that it will charge every customer, and the relative differences between them, are fair and equitable.
30. The industry is highly fragmented and it does not engage with customers simply enough to maintain their confidence and trust. Aurora will need to develop a communications plan for all stakeholders in which it integrates messages from other companies in the electricity industry if it is to achieve the level of community support on which a successful CPP will depend.

Price impact

31. Despite several sessions on Aurora's pricing methodology, we still don't understand why Aurora has 3 pricing regions rather than 2 or 5. It is clear that Dunedin is a physically distinct network from those in Central Otago, with a different ownership history and different service territory but the two pricing regions in Central Otago seem arbitrary. One contains two physically isolated networks, yet both are geographically congruent. Both contain more than one transmission grid exit point.

Customers would expect Aurora to be able to explain why prices between the two Central Otago pricing regions are so different from one another. If it can't then it should develop a simple, cost-reflective alternative approach.

32. At a more fundamental level, the price rises that go with the proposal are far bigger than other CPP applications, such as Powerco's, and will be hard for many customers to afford, not just the most vulnerable or small. Business growth and competitiveness will be negatively affected. Poor and struggling families and residential customers will have to go without other things in order to be able to pay their electricity bills.
33. We do understand the need for the investment as it is proposed but believe that the real consequences for the people paying for it must be tackled as rigorously as the proposal has been developed.
34. While we understand that Aurora's prices have been some of the lowest in the country, this is irrelevant for tomorrow's customers who will struggle to pay so much more than they have in the past.

Opening up new energy options for Aurora's customers

35. We believe that the solution to managing the consequences of network price increases is to create options for customers to lower their overall energy costs in the long term. We do not support the idea of a short-term subsidy which will simply delay the impact of price rises and do nothing to help customers deal with them when the subsidies expire.
36. Options to reduce overall energy costs do exist and will assist customers to develop skills and confidence to shop around for the best deal, improve their energy efficiency, shift their peak loads and understand what new technology options exist to supply their energy (local generation and storage) and change how they use it (automated demand response). In some parts of Aurora's network, customers can even receive supply from a different distribution business (PowerNet).
37. We understand that these ideas have also been suggested by the Electricity Price Review ("EPR"), whose recommendations have been accepted by the government and will be implemented in the next few years. In particular, the EPR recommends that the government establishes a network of community-level support services to help consumers in energy hardship and sets up a fund to help households in energy hardship become more energy efficient.
38. Aurora's customers already benefit from the work of the Cosy Homes Trust which coordinates healthy homes efforts across Otago, provides commercially neutral education, and advocates for policy change and financial resources that promote healthier, more energy efficient housing across Otago. The trust provides the community-level support services to help consumers in energy hardship that the EPR envisages but would require resources and new capabilities to be able to take on the

broader education and energy efficiency role that we recommend for all Aurora's customers.

The role of a Customer Fund

39. We understand that Aurora will be being fined by the High Court for multiple breaches of its "quality threshold" and that the money that the government will collect from these fines is not budgeted for any particular purpose. Although it is not what was intended when the Commerce Commission's price-quality regulation was designed, we would strongly support using this money to create options for Aurora's customers to lower their overall energy costs in the long term and so manage the impact of network price increases.
40. If these initiatives were designed as part of the implementation of the EPR, then the results of the work funded by Aurora's fines could be used to inform the design of the national implementation of these EPR recommendations which would benefit all New Zealanders, even those whose networks have not breached quality thresholds.

Pricing options

41. In order for Aurora's customers to have options to lower their overall energy costs when electricity network prices increase, those prices need to reward customers who do not use the network when it is close to its maximum loading. Prices when the network is fully loaded should reflect what it would cost to add new capacity. In the short term, because of the way Aurora is regulated, this would make the network more expensive for the customers who chose to use it at peak times. In the medium term, however, customers choosing not to use the network as much when it is close to its maximum loading will defer or avoid upgrades which will keep costs down. Aurora's current pricing does this in a simple way – using it is more expensive during the morning and evening peaks and cheaper the rest of the time.
42. We have learned that in most cases retailers will rebundle these network prices into different products for "delivered electricity" which may not vary as sharply as Aurora's charges do. For some customers this will be desirable, and they will pay a margin for the risk that the retailer manages. Other customers will be willing to change their use of electricity (or install technology) to minimise what they pay but will only be better off if the prices their retailer charges reflect changes in network costs.
43. Aurora (with help from regulators and the government, if necessary) must work with the retailers who trade on its networks to ensure there are retail products which reward customers who reduce demand (or generate) at times when networks are congested – or when generation is scarce around the country.
44. If cost-reflective retail pricing options are available in this way and customers are supported in developing the skills and confidence to shop around and how they can take advantage of these options (as described in paragraph 36) then they will be able

to manage the impact of network price increases on what they pay for delivered electricity. If Aurora's customers can't sign up to retail prices where they pay less by reducing demand when the network is congested then they will not be able to do anything to minimise the impact of the network price rises. This would be a market failure that would justify direct regulatory intervention. We believe the Electricity Authority should work with retailers on Aurora's networks to avoid the need for this.

45. We have learned¹ that customers are often reluctant to move to cost-reflective electricity prices and take time to change how they use electricity. Automation can make demand response easier but it is clear that customers will need support, both education and information, if they are learn how changing their behaviour around electricity use can benefit them. This is why we are suggesting, in paragraph 39, that Aurora's quality-breach fines are used to pay for a broad-based education and energy efficiency programme for all Aurora's customers.
46. This education and training will take time. For this reason, we suggest that Aurora delay its largest price increases until all of its customers have received that training and it has had a chance to take effect: phasing price changes with smaller increases in 2021 and the largest increase in 2023.

Pricing to keep network costs low in the long term

47. We have also learned that, while electricity networks are expensive, much of their capacity is only used for a few hours a year. The cost of adding more capacity for those peak periods is very high to little benefit but conversely the cost of using the capacity that is already built but rarely used is very low and would allow customers to use more electricity without needing to invest in (and pay for) new network capacity.
48. To avoid future step change increases in network investment like the ones being proposed for the CPP, it is essential that the prices that Aurora (and all networks) charge for their services reflect the costs of providing them, without making them unaffordable. Aurora's customers won't be able to take advantage of options to lower their overall energy costs in the long term if the prices of any inputs to the electricity they used are cross-subsidised or averaged.
49. We acknowledge the work that the Electricity Authority is leading on changing distribution prices to make them more cost reflective in this way but, as we note in paragraph 42, retailers will often rebundle these charges to suit customer preferences and minimise administration costs. Electricity customers everywhere in New Zealand must be able to choose between retail products which reward customers who reduce demand (or generate) at times when networks are congested – or when generation is scarce around the country if we are to avoid unnecessary overinvestment in future.

¹ Stenner, K., Frederiks, E., Hobman, E. V., and Meikle, S. (2015) *Australian Consumers' Likely Response to Cost-Reflective Electricity Pricing*. CSIRO, Australia.

5. Impact of new technology and decarbonisation

50. While we have been working as a panel, Aurora has released a tender for non-network options in the Upper Clutha. This is progressive and, to the best of our knowledge, the first example of a New Zealand electricity distribution business running a formal procurement process to pay people who can provide controllable generation, batteries or demand response as an alternative to building traditional network components.
51. We see great potential in network companies using these distributed energy resources to deliver their regulated service as cheaply as possible. We understand that the Commerce Commission will challenge Aurora's proposal to ensure that it has identified opportunities like this as part of the CPP process but that companies who are not applying for a CPP have weaker incentives to explore these options.

Creating future options

52. Looking ahead, we can see how new technology will keep costs down and increase choices for customers: distributed energy resources are getting cheaper and more powerful by the day and will increasingly be part of the options that customers take advantage of to meet their energy needs at least cost. It seems particularly important that customers who are very sensitive to the quality and reliability of electricity supply, particularly in the commercial sector, can use these sorts of solutions to reinforce the common level of reliability that all network users receive and pay for but equally important that all customers, even the most vulnerable, are able to take advantage of new ways of generating and managing their use.
53. Now that the government has passed the Zero Carbon Act with cross-party support, New Zealand's commitment to decarbonisation has become concrete. Energy is the second largest source of our national emissions and electrification will play an important role in decarbonising energy. The broad consensus that we can replace thermal fuels with renewable energy to power both our light vehicle fleet and industrial heat processes would double the size of the electricity industry by 2050, which will require the integration of renewable generation of all sizes. Electricity distribution businesses will play a key role in integrating these resources for our national benefit.
54. We note that Aurora's proposal includes an option for "improved future technology readiness" work which it is not including as part of its proposal. This is consistent with Aurora's broader prioritisation of activities in the proposal limiting it to the work that will create a safe network on which new technologies can be deployed in this CPP period. The option is expensive: \$37 million over 3 years, so we accept that it should be deprioritised for the current CPP but expect that it will be a high priority for the following period and note that the EPR has a recommendation to "encourage more energy sector innovation" which will only increase its importance in the medium term.

Protecting customers from future step changes

55. The expansion of the electricity industry as a means of decarbonisation is an opportunity but comes at the risk of avoidable future step change increases in electricity prices if customers don't have access to and information about all the options available to lower their overall energy cost.
56. As we note in paragraph 52, we can see that new technologies, and the business models that they enable, have an important role in a low-cost but much expanded future electricity industry, both on the supply and demand sides of the industry.
57. Cost reflective pricing will be fundamental to realising the potential for demand side flexibility in this future as we note in paragraphs 42 and 49 above.
58. On the supply side, networks will be able to be more targeted in how they spend their money and sweat the existing assets if they have more granular information about the condition and state of their networks, down to the low voltage circuits that connect customers to the rest of the system. This has great potential to increase the capacity of the networks to serve larger loads from more and diverse sources of generation at low incremental cost.
59. More granular network operation and asset management will require Aurora to monitor and analyse the flows at the very edge of its networks. It should be able to access electricity consumption data for this purpose at low cost as it is already collected for electricity billing and settlement purposes by retailers. We note that the EPR has a recommendation that the government ensure distributors have access to smart meter data on reasonable terms which the government has accepted and actioned the Electricity Authority to progress. If Aurora is unable to secure this data on reasonable terms, the Authority should intervene to regulate access.

Durability of the price-quality regulation in Part 4 of the Commerce Act

60. Aurora is an unusual electricity distribution business as its history is one of sustained underinvestment and very high levels of growth. Low growth networks can prudently defer investment with little adverse consequence to minimise costs to their customers, but high growth networks must ensure capacity is available ahead of demand if customers are not to be forced to curtail activities and initiatives that they would have been prepared to pay for.
61. As we decarbonise, the entire electricity industry will move into varying degrees of high growth with the risk that electricity distributors who are reluctant or slow to invest and innovate in the use of non-network options will hold back the economic growth and decarbonisation of their regions.
62. We have learned how the Commerce Commission's regulatory regime has matured during the last 10 years – initially focusing on protecting customers from monopolistic pricing, more recently ensuring that price-controlled companies do not

allow service levels to degrade by running their assets down. We would note that the 5 yearly reset cycle is slow to pick up on and solve problems. The mechanism for control-exempt owned companies (who are owned by their customers) seems to be even slower. The CPP process that Aurora is undertaking is extremely arduous – deliberately so, to encourage price-controlled companies to work within their default price paths. The risk of this is that companies, like Aurora, who need to spend more than the implied regulatory allowance in their DPPs don't and their networks degrade, unnecessarily. This sort of asset degradation should not be allowed to happen again.

63. The 2016 Deloitte report noted that *for an infrastructural asset such as an electricity network a longer term view (of business planning) is required*². For electricity distribution businesses, this is the Asset Management Plan that companies are required to publish under the Commerce Commission's Information Disclosure regime but the quality of these plans is not linked to the revenues they are allowed to earn. Our view is that the Commission's future work on asset management must create stronger incentives on regulated companies to undertake *what expenditure is required to ensure the network has the appropriate risk profile balanced with the long term returns over the life of the network*³ as Deloitte recommend.
64. As we move into a high growth decarbonisation phase in the electricity industry, the Part 4 regime will need to ensure that all electricity distribution businesses take advantage of new technologies to minimise the costs to their customers but also provide expanded network capacity. We understand that Aurora is likely to be required to submit CPP applications for several more regulatory periods, in which case its demand forecasts and expenditure proposals will be subjected to detailed expert peer review. Default price-quality regulated, and exempt companies will need to be subject to similar scrutiny if local constraints and problems are to impede customer choice and our national efforts to decarbonise.
65. We note that the EPR has a recommendation that the government explore new institutional arrangements for energy policy and regulation which the government has accepted and tasked officials with undertaking a review that includes objectives to 'ensuring the sector can accelerate investment in renewables, reduce emissions and maximise the consumer benefits from new technologies, all while ensuring consumers have affordable and reliable power'. Aurora's experience both in preparing and implementing the CPP will be important early signals of problems with and opportunities to improve the regulatory regime. We suggest that both MBIE and the Commerce Commission work with Aurora management to ensure that Aurora's programme is successful and the insights from it are widely shared and acted upon.
66. We note that the price increases from Aurora's CPP process will not be the only ones that impact its customers. We understand that Transpower is considering a major

² Review of Aurora Energy Limited /Delta Utility Services Limited – Network Safety Concerns, Deloitte, December 2016. p. 17

³ Ibid.

upgrade in Central Otago, most of the costs of which will be passed on to customers there resulting in further increases to electricity prices in that area which will be rebundled in Aurora's prices. Wholesale electricity prices are also likely to rise in the short term which would increase electricity prices even more.

67. We are concerned that electricity pricing is affected by all three components (distribution, transmission and energy) working together and that this is difficult for consumers either to understand or control. The sort of education and advice on energy efficiency and affordability that we are suggesting for Aurora's customers will be necessary for customers across the country as these changes play out.

6. Our feedback on the process to date

68. Many of us have been involved in all manner of stakeholder processes with mixed experiences but we have all been impressed with the process that Aurora has run with us. Staff have been genuine, professional and transparent in their dealings with us. Aurora's proactive rejection of both the more expensive accelerated and enhanced investment programmes is, in part, a response to the concerns that we have raised throughout our engagement with them about the impact of sudden and large increases in prices on customers.

69. All of us agree that Aurora's engagement process with us compares well with others that we have been involved with. The fact that every invited member has stayed engaged throughout the five months that we have been involved is a signal both of how valuable it has been and our confidence that it will result in a better CPP proposal than Aurora would have been able to develop without convening and engaging with a customer advisory panel.

Lack of engagement with the shareholder

70. Aurora's corporate separation from Delta and the need for a step change in network investment was a response to Deloitte's 2016 review of network safety concerns at Aurora for DCHL, which found that

Aurora's business planning/AMP has been influenced by two factors:

- *Equity ratio – the board's self-imposed requirement to maintain an equity ratio of between 50% - 42%*
- *Shareholder returns – the requirement to provide a short-term return to the shareholder. DCHL has requested annual dividends from Aurora.*

71. It is as clear to Aurora's wider stakeholders as it is to us that Aurora's previous decisions to deliberately degrade assets while maintaining low prices is responsible for the large and unavoidable step change in prices that Aurora's customers will all

have to pay. Customers expect their electricity networks to be managed prudently and rely on those companies' boards to make sure this is the case.

72. We are aware that there is a strong perception in the local community that Aurora's profits and the dividends that it paid its shareholder were excessive in the period to 2015. The advisory panel spent considerable time discussing this. Deloitte's 2016 report makes clear that Aurora's former management and board *have not approached the business planning process from the perspective of the infrastructural asset first*⁴ in deliberately degrading the asset to keep prices low and maintain normal dividend payments. An important consequence of correcting for this is the real hardship that will be experienced by some of Aurora's customers.
73. The company will be punished for this negligence: it will soon be fined for failing to meet the Commerce Commission's reliability targets and we have suggested, in paragraphs 39 and 40 above, that the money recovered from the fines could be used to fund energy education and efficiency initiatives to help Aurora's customers manage the impact of the network price increases. Aurora staff have been constructive and proactive in exploring this possibility with officials and politicians.
74. The shareholder has not taken any role in our process to date. We note that that Dunedin City Holdings has financed the catchup investment that Aurora has undertaken in the last 3 years, even though they will not receive a normal regulated return on it all. We believe that they, and ultimately the Dunedin City Council, can also play a role in finding solutions to the social consequences of Aurora's price increases. The Dunedin City Council Consumer Electricity Fund is a resource that is available to help people living within the DCC rateable area with a grant towards an electricity account. We would like a representative of DCHL or DCC to present options for expanding the scheme to support energy education and efficiency initiatives for all Aurora's customers at our final meeting in April 2020. The education initiatives will need to include greater transparency about how Aurora's business is financed and the payments that its shareholders receive if it is to gain the level of community support for the price shocks that will result from restoring the network to a safe and reliable state.

Continued involvement

75. A representative of the Commerce Commission attended our November meeting. We appreciated their proactivity in engaging with our process and have benefitted from his contribution to our discussions and wider explanations about the design and intent of the regulatory regime.
76. The Commission has indicated that it would be keen to continue to engage with the panel given the level of understanding of both Aurora's business and the regulations it operates under that we have reached.

⁴ Ibid p.4

77. We would welcome this, particularly to review the findings of the “verifier” – expert consultants who are critiquing the Aurora’s engineering assumptions.

7. Panel members

78. The panel has met 4 times since June 2019. 3 of the meetings were half-day workshops, with the November meeting lasting all day to give Aurora time to explain its proposal.

79. Panel members represent a balance of customers across Aurora’s networks:

- Anna Mickell – Queenstown Chamber of Commerce
- Bridget Legnavsky – Wanaka Chamber of Commerce
- Debbie Gelling – Presbyterian Support Otago
- Debbie George – Age Concern Otago
- Dougal McGowan – Otago Chamber of Commerce
- Jonathan West – Pioneer Energy
- Jordana Whyte – Cosy Homes Trust
- Louise van der Voort – Central Otago District Council
- Dr Marion Poore – Independent Medical Consultant
- Dr Michael Jack – University of Otago
- Michael Robertson – Contact Energy
- Simon Davies – Federated Farmers Otago
- Simon Drew – Dunedin City Council
- Dr Stephen Batstone, succeeding Meaghan Miller – Queenstown Lakes District Council

We were supported in our work by John Hancock, as an independent expert advisor, who was the lead author of this report.

The views expressed in the report are collective and without prejudice to any views individual organisations may submit to the Commerce Commission as part of its public consultation into Aurora’s CPP application.

Dunedin, December 2019